GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3992
ANSWERED ON:14.12.2000
PANNA MUKTA PROJECT
RENUKA CHOWDHURY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the CAG in 1997 pointed out that while the ONGC was allowed only the administered price for the crude and gas produced from Mukta-Panna Oil fields the Enron-Reliance combine had given international prices in foreign exchange;

(b) if so, the loss caused thereby per MMT of oil and gas;

(c) whether the estimated reserves of Mukta-Panna were sized down from the original 31.5 mmt to 14 mmt and handed over to the said private firm at the down sized rate; and

(d) if so, the estimated loss caused on this transaction so far?

Answer

Minister of State in the Ministry Petroleum and Natural Gas (Shri Santosh Kumar Gangwar)

(a) The CAG report - Union Government No. 5 (Commercial) of 1996 on Participation of Private Parties with ONGC for Production o Crude Oil and Natural Gas, which was laid in both the Houses of Parliament on 27.2.1997, had pointed out that National Oil Companies were not provided level playing field for their operations vis-Ã -vis joint ventures. ONGC pricing was goverened by the Administered Pricing Mechanism (APM), based on cost plus approach.
The two systems of pricing are fundamentally different and cannot be compared. However, under the Panna-Mukta contracts, ONGC get the same terms including international price for oil and gas as applicable to Enron-Reliance.

(b) CAG report has not pointed out any loss on this account.

(c) & (d):- Reserves of 14.05 MMT for Panna-Mukta field was considered for evaluation purposes based on reserves estimates by ONGC at that time and as such there has been no loss due to this.